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14 COUNTY OF SAN BERNARDINO and ROBERTSON'S READY MIX, INC.
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15
16 UNITED STATES DISTRICT COURT
17 CENTRAL DISTRICT OF CALIFORNIA

18
19 CITY OF COLTON, a California } Case No. ED CV 09-01864 PSG (SSx)
20 municipal corporation, } [Consolidated with Case Nos. CV 09-
21 Plaintiff, } 6630 PSG (SSx), CV 09-06632 PSG
22 vs. } (SSx), CV 09-07501 PSG (SSx), CV
23 AMERICAN PROMOTIONAL } 09-07508 PSG (SSx), and CV 10-00824
24 EVENTS, INC., et al, } PSG (SSx)].
25 Defendants. }
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6

7 **SETTLEMENT AGREEMENT**

8 This SETTLEMENT AGREEMENT (the "Agreement") is entered into this ____
9 day of _____, 2010, by and between the following, sometimes referred herein
10 as Parties: (a) COUNTY OF SAN BERNARDINO ("COUNTY"); (b)
11 ROBERTSON'S READY MIX, INC., ROBERTSON'S READY MIX, LTD.,
12 RRM PROPERTIES, LTD., (collectively, "RRM"); (c) EDWARD STOUT,
13 EDWARD STOUT AS THE TRUSTEE OF THE STOUT-RODRIGUEZ TRUST
14 (also known as the Schulz Family Trust), ELIZABETH RODRIGUEZ, JOHN
15 CALLAGY AS TRUSTEE OF THE FREDERIKSEN CHILDREN'S TRUST
16 UNDER TRUST AGREEMENT DATED FEBRUARY 20, 1985, JOHN
17 CALLAGY AS TRUSTEE OF THE E.F. SCHULZ TRUST, LINDA
18 FREDERIKSEN, LINDA FREDERIKSEN AS TRUSTEE OF THE WALTER M.
19 POINTON TRUST DATED 11/19/91, LINDA FREDERIKSEN AS TRUSTEE
20 OF THE MICHELLE ANN POINTON TRUST UNDER TRUST AGREEMENT
21 DATED FEBRUARY 15, 1985, LINDA FREDERICKSEN AS TRUSTEE OF
22 THE E.F. SCHULZ TRUST, JOHN CALLAGY, MARY CALLAGY, JEANINE
23 ELZIE, STEPHEN CALLAGY, MICHELLE FARRIS, ANTHONY RODRIGUEZ
24 (collectively, the "SCHULZ PARTIES") (all the foregoing are hereinafter
25 collectively referred to as the "Settling Defendants"); (d) CITY OF COLTON
26 ("COLTON"); and (e) CITY OF RIALTO and the RIALTO UTILITY
27 AUTHORITY (collectively, "RIALTO").

28 //

RECITALS

3 A. WHEREAS, the CITY OF RIALTO and RIALTO UTILITY
4 AUTHORITY are, respectively, (1) a California municipal corporation, general
5 law city, and public water enterprise duly organized and existing under the laws of
6 the State of California, and (2) a Joint Powers Authority duly organized and
7 existing under the laws of the State of California. By Lease and Management
8 Agreements dated May 1, 2001, the RIALTO UTILITY AUTHORITY is the
9 owner, and lessor of the water system for the CITY OF RIALTO, and the CITY
10 OF RIALTO is the lessee and operator of said water system. The RIALTO
11 UTILITY AUTHORITY has appointed the CITY OF RIALTO as its agent to carry
12 out all aspects of the operation and maintenance of the water system, and CITY
13 OF RIALTO has assumed all rights, liabilities, duties and responsibilities of the
14 RIALTO UTILITY AUTHORITY regarding operation and management of the
15 water system and administration and enforcement of all relevant contracts and
16 other agreements;

17 B. WHEREAS, COLTON is a California municipal corporation, general
18 law city, duly organized and existing under the laws of the State of California;

19 C. WHEREAS, the COUNTY is a political and legal subdivision of the
20 State of California, which is the owner of certain lands, generally described in
21 **Exhibit A** attached hereto, and incorporated by this reference (hereinafter
22 collectively “County Land”). The lands include but are not limited to a public
23 solid waste disposal facility known as the Mid-Valley Sanitary Landfill. The
24 COUNTY purchased a portion of the County Land from the Schulz Trust in the
25 1990s, after conducting a due diligence investigation. The COUNTY also
26 conducts certain regulatory activities within the County of San Bernardino;

27 D. WHEREAS, Robertson's Ready Mix, Inc. is a Nevada corporation
28 (and previously a California corporation), and RRM PROPERTIES, LTD, and

1 ROBERTSON'S READY MIX, LTD, which are conducting or are otherwise
2 associated with certain operations on the County Land;

3 E. WHEREAS, the SCHULZ PARTIES are individuals who have some
4 affiliation with the E.F. Schulz Trust (formerly known as the Stout-Rodriguez
5 Trust), which previously owned certain real property (the "Schulz Trust
6 Property"). Certain Schulz Parties sold the Schulz Trust Property to the COUNTY
7 in the 1990's. Prior to the sale to the COUNTY, the E.F. Schulz Trust and the
8 Schulz Parties leased portions of the Schulz Trust Property to various individuals
9 or entities;

10 F. WHEREAS, perchlorate is a chemical principally used to accelerate
11 the combustion of rocket fuels and propellants and in the manufacture of
12 explosives, munitions, certain fertilizers, flares, ordnance, and pyrotechnic
13 products. RIALTO and COLTON contend that perchlorate and trichloroethylene
14 are each a "hazardous substance" and "hazardous solid waste" within the
15 definitions of the Comprehensive Environmental Response, Compensation, and
16 Liability Act of 1980, as amended ("CERCLA") (42 U.S.C. §9601 *et seq.*) and
17 Resource Conservation and Recovery Act, as amended ("RCRA") (42 U.S.C. §
18 6903(5)(27), 9601(14)(c), 40 C.F.R. §§ 261.2, 261.3(a)(2)(i), and 261.20(a)).
19 RIALTO and COLTON allege that perchlorate and other chemicals, including but
20 not limited to, trichloroethylene, are found within and/or under the County land
21 and throughout the Rialto-Colton Basin;

22 G. WHEREAS, RIALTO has filed an action ("Rialto I") with the United
23 States District Court for the Central District of California (City of Rialto v. U.S.
24 Department of Defense, et al., Civil Action No. ED CV 04-00079 PSG (SSx)).
25 The operative complaint of RIALTO is the Fifth Amended and Supplemental
26 Complaint ("the Complaint"). The Complaint alleges, in pertinent part, that the
27 COUNTY, Robertson's Ready Mix, Inc., and the SCHULZ PARTIES, named in
28 the Complaint, are liable to RIALTO for damages, injunctive relief and

1 declaratory relief arising from perchlorate, trichloroethylene and other
2 contamination that has existed or currently exists in the soil, groundwater and
3 vadose zone within the Rialto-Colton Basin, and which RIALTO claims has
4 affected or threatens to affect its drinking water supply wells. RIALTO has
5 asserted claims under federal and state law;

6 H. WHEREAS, RIALTO also filed a lawsuit in the Superior Court of the
7 State of California County of San Bernardino, (City of Rialto v. County of San
8 Bernardino, Case No. SCVSS 142292) ("Rialto State Lawsuit"), alleging a right to
9 reimbursement for attorney fees and costs incurred in the Rialto I, among other
10 things. RIALTO dismissed that action without prejudice, but intends that the
11 damages alleged therein be included in the claims and damages it is releasing in
12 this Agreement;

13 I. WHEREAS, COLTON has filed two federal actions: (City of Colton
14 v. American Promotional Events, et al., Civil Action No. CV 05-01479 DDP,
15 currently on appeal to the United States Court of Appeals for the Ninth Circuit
16 ("Colton I"); and City of Colton v. American Promotional Events, Inc. West, et al.,
17 Civil Action No. ED CV-04-00079 PSG (SSx), ("Colton III"); and one action in
18 state court (City of Colton v. American Promotional Events, et al., Case No. BC
19 376008), ("Colton II"), which is currently before the Superior Court for the
20 County of Los Angeles, California);

21 J. WHEREAS, the Colton Lawsuits allege, in pertinent part, that
22 COUNTY and Robertson's Ready Mix, Inc. are liable to COLTON for damages
23 and declaratory relief arising from perchlorate and other contamination that did or
24 currently exists in the soil, groundwater and vadose zone within the Rialto-Colton
25 Basin, and which COLTON claims has affected or threatens to affect its drinking
26 water supply wells;

27 K. WHEREAS, in June 2008, RIALTO and COLTON dismissed the
28 Rialto I Lawsuit and Colton III Lawsuit, respectively, without prejudice in order to

1 pursue global settlement discussions with a number of the named defendants in the
2 Rialto Lawsuits and Colton Lawsuits. Other parties to those lawsuits also
3 dismissed their claims voluntarily, without prejudice. These global settlement
4 discussions proved unsuccessful, and Rialto and Colton re-filed their lawsuits,
5 which are referred to herein as Rialto II and Colton IV. (Colton IV: City of Colton
6 v. American Promotional Events, Inc., et al., Case No. CV 09-01864 PSG (SSx),
7 filed October 6, 2009, and Rialto II: City of Rialto, et al., v. United States
8 Department of Defense, et al., Case No. CV 09-07501 PSG (SSx), filed October
9 15, 2009. Pursuant to a court order dated January 20, 2010, the court consolidated
10 these cases, along with certain other related cases (CV 09-6630 PSG (SSx), CV
11 09-06632 PSG (SSx), and CV 09-07508 PSG (SSx)) for all purposes other than
12 trial. The United States has filed CERCLA section 107 claims and RCRA claims
13 against certain parties associated with the B.F. Goodrich Superfund Site, which
14 has been consolidated with Colton IV pursuant to a court order dated June 2, 2010
15 (United States v. Goodrich Corporation, et al., Case No. CV 10-00824 PSG
16 (SSx));

17 L. WHEREAS, the Colton I, Colton II, Colton III, and Colton IV
18 lawsuits are collectively referred to herein as the Colton Lawsuits. The Rialto I
19 and the Rialto II lawsuits are collectively referred to herein as the Rialto Lawsuits.

20 M. WHEREAS, the litigants in the Rialto Lawsuits and Colton Lawsuits
21 have various cross-claims and counter-claims, both express and deemed, including
22 claims by and against the Settling Defendants;

23 N. WHEREAS, the Rialto Lawsuits, the Rialto State Lawsuit, and the
24 Colton Lawsuits, together with any consolidated cases, are referred to herein as the
25 Lawsuits;

26 O. WHEREAS, the California Regional Water Quality Control Board –
27 Santa Ana Region (“RWQCB”) is acting as the lead agency for purposes of the
28 CERCLA response action to address releases of hazardous substances from

1 sources in the western side of the Rialto-Colton Basin, and the United States
2 Environmental Protection Agency is acting as the lead agency for purposes of the
3 CERCLA response action to address releases of hazardous substances from the
4 160 Acre Site, also known as the B.F. Goodrich Superfund Site, which is located
5 on the eastern side of the Rialto-Colton Basin;

6 P. WHEREAS, on January 17, 2003, the RWQCB adopted Clean Up
7 and Abatement Order No. R8-2003-0013 ("Order"), which ordered the COUNTY
8 to, among other things, define the lateral and vertical extent of the perchlorate that
9 is alleged to be discharging from property owned by the COUNTY and to
10 implement a remedial plan to cleanup or abate the effects of the perchlorate that is
11 discharging, has been discharged, or threatens to be discharged from such land.
12 The COUNTY filed a timely appeal of the Order with the State Water Resources
13 Control Board ("SWRCB"), but that appeal was placed in abeyance at the mutual
14 consent of the COUNTY and the SWRCB. The COUNTY proceeded to conduct
15 certain investigation and remedial activities in response to the Order, and the
16 RWQCB has approved the response action of the COUNTY as that action has
17 progressed;

18 Q. WHEREAS, on September 17, 2004, the RWQCB adopted an
19 amendment to Clean Up and Abatement Order No. R8-2003-0013. Among other
20 things, the amendment required the COUNTY to provide replacement water for
21 City of Rialto Well 3. In the amendment, the RWQCB found, in pertinent part,
22 that it was appropriate to order the COUNTY to provide replacement water for
23 Rialto Well No. 3 due to the threat that the RWQCB perceived to exist with
24 respect to the beneficial use of the water being extracted at that well. The
25 COUNTY filed a timely appeal of the amendment to the Order with the SWRCB,
26 which appeal was placed in abeyance;

27 R. WHEREAS, the COUNTY has complied with the Order, as amended,
28 and has been providing replacement water to RIALTO for City of Rialto Well 3,

1 pursuant to the amended RWQCB Order and an agreement between the COUNTY
2 and RIALTO, which is entitled, "Water Replacement Order Implementation
3 Agreement And Water Rights Lease By and Among The City Of Rialto And
4 Rialto Utility Authority On The One Hand And The County Of San Bernardino
5 On The Other Hand," with an Effective Date of April 1, 2005 ("Implementation
6 Agreement"). The COUNTY reports that it has, to date, spent more than
7 \$17 million responding to the RWQCB Order, as amended, otherwise
8 investigating and responding to releases, and providing replacement water to
9 RIALTO;

10 S. WHEREAS, each of the Settling Defendants expressly denies any
11 wrongdoing or liability for the Contamination or any matter alleged in the
12 Lawsuits, including that RIALTO and/or COLTON are entitled to joint and
13 several liability. Each of the Settling Defendants also expressly denies any
14 wrongdoing or liability with respect to any other litigant. The Settling Defendants
15 disagree as to whether any of them are responsible for the alleged past or future
16 costs of the investigation, remediation, or monitoring of the Contamination and
17 any damages or response costs alleged to have arisen from the existence of the
18 Contamination;

19 T. WHEREAS, the respective claims of RIALTO, COLTON and each of
20 the Settling Defendants relating to the Contamination, as raised in the Lawsuits,
21 involve arguable and disputed questions of fact and law. The Parties desire to
22 resolve, among other things, all claims raised in the Lawsuits and otherwise
23 related in any way to or arising from the Contamination within, at or from the Site
24 (as defined below), and to release each other from all possible liability, known or
25 unknown, in connection therewith, as set forth herein;

26 U. WHEREAS, given the uncertainties of the outcome of the disputes
27 between the settling parties in the Lawsuits, and the expense of litigation, and
28 subject to the terms and conditions set forth herein, the Parties do not intend to

1 proceed with the Lawsuits against one another, and intend to file dismissals with
2 prejudice of their claims against one another in the Lawsuits, but reserve their
3 rights against the non-settling parties; and

4 V. WHEREAS, in or about March 2008, the parties entered into a
5 settlement, subject to certain conditions precedent, and this Consent Order is
6 intended as an amendment to and replacement of that settlement.

8 **NOW THEREFORE**, for valuable consideration, including the
9 representations, warranties, and covenants contained herein, the Parties agree as
10 follows, and the Court hereby Orders, Adjudges, and Decrees:

AGREEMENT

14 1. **JURISDICTION**. This Court has jurisdiction over the subject
15 matter of this action pursuant to 28 U.S.C. §§1331 and 1345, and 42 U.S.C. §§
16 9606, 9607, 9613(b), and 6972(b)(2)(A). This Court also has personal jurisdiction
17 over the Settling Defendants. Solely for the purposes of this Consent Order,
18 Settling Defendants waive all objections and defenses that they may have to
19 jurisdiction of the Court or to venue in this District.

20 2. **DEFINITIONS.** The terms used in this Agreement shall have
21 the meanings and definitions set forth below or as otherwise set out in the text of
22 this Agreement.

23 2.1 Contamination. The term “Contamination” means
24 (a) perchlorate; (b) any substance, product, waste or other material of any nature
25 whatsoever which is or becomes listed, regulated, or addressed pursuant to
26 CERCLA (as “hazardous substance” as now or hereafter defined in Section
27 101(14) of CERCLA or any regulations promulgated under, or as a pollutant or
28 contaminant as now or hereafter defined in Section 101(33) of CERCLA or any

1 regulations promulgated under CERCLA); RCRA; the Hazardous Materials
2 Transportation Act, 49 U.S.C. section 1801, et seq.; the Toxic Substances Control
3 Act, 15 U.S.C. sections 2601, et seq.; the Clean Water Act, 33 U.S.C. section 1251
4 et seq.; the California Hazardous Waste Control Act, Health and Safety Code
5 sections 25100, et seq.; the California Hazardous Substances Account Act, Health
6 and Safety Code sections 25100 et seq.; the California Safe Drinking Water and
7 Toxic Enforcement Act, Health and Safety Code sections 25249.5, et seq.; the
8 California Hazardous Waste Management Act, Health and Safety Code sections
9 25501, et seq. (Hazardous Materials Response Plans and Inventory); or the
10 California Porter-Cologne Water Quality Control Act, Water Code sections 1300,
11 et seq., all as amended from time to time; (c) any additional substance, material or
12 waste (A) the presence and concentration of within, about, at, below or from the
13 Site (i) requires reporting, investigation or remediation under any environmental
14 laws, (ii) causes or threatens to cause a nuisance and poses or threatens to pose a
15 hazard to the health or safety, or (iii) which, if emanated or migrated within, about,
16 below at or from the Site, would constitute a trespass, or (B) which is determined
17 by any governmental authority with jurisdiction thereof to pose a present or
18 potential hazard to human health or the environment.

19 2.2 County Land. The term “County Land” shall mean that
20 certain real property described on **Exhibit A** attached hereto and incorporated
21 herein by this reference.

22 2.3 Eastern Plume Area. The term “Eastern Plume Area”
23 shall mean the geographic area of Existing Contamination located generally to the
24 north-east and to the south of the Western Plume Area, as the Western Plume Area
25 is depicted in **Exhibit B**. Although the lateral and vertical extent of the Eastern
26 Plume Area has not been fully defined, the minimum area and general location of
27 the Eastern Plume Area in the vicinity of the Western Plume Area is depicted in
28 **Exhibit B**.

1 2.4 Effective Date. The term "Effective Date" shall mean
2 the date all of the conditions precedent set forth in section 5.1, are met.

3 2.5 Existing Contamination. The term "Existing
4 Contamination" means Contamination, whether known or unknown, that is alleged
5 or could have been alleged in the Lawsuits.

6 2.6 New Contamination. The term "New Contamination"
7 means Contamination that is wholly distinct from and completely unrelated to
8 Existing Contamination. New Contamination does not include the migration or
9 movement of Existing Contamination or other new releases of Existing
10 Contamination.

11 2.7 Parties or Party. The term "Parties" shall mean
12 RIALTO, COLTON and the Settling Defendants, and the term "Party" shall mean
13 one or more of those entities or individuals.

14 2.8 Related Parties. The term "Related Parties" means the
15 directors, officers, agents, limited and general partners, parents, attorneys,
16 subsidiaries, corporate predecessors, commissioners, council members, board
17 members, elected officials, appointed officials, supervisors, managers, contractors,
18 shareholders, trustees, estates, employees, beneficiaries, and affiliates, insurers,
19 successors, predecessors and assigns, and all persons or entities acting by,
20 through, under or in concert with any of the foregoing, as applicable.

21 2.9 Site. The term "Site" shall mean the Rialto-Colton
22 Basin, as depicted in **Exhibit B1**, including but not limited to the County Land
23 and the 160 Acre Parcel.

24 2.10 Western Plume Area. The term "Western Plume Area"
25 shall mean the geographic area shown on **Exhibit B** as the Western Plume Area.

26 3. **CONSIDERATION BY SETTLING DEFENDANTS**.

27 3.1 As a negotiated compromise, without any admission of
28 liability, and in consideration for the agreements and releases hereunder, the

1 COUNTY shall pay to RIALTO a sum of four million dollars (\$4,000,000) and to
2 COLTON a sum of one million dollars (\$1,000,000). In or about July 2008, the
3 COUNTY paid these amounts into a trust established and controlled by Gallagher
4 & Gallagher, a Professional Corporation. Such funds shall be released to RIALTO
5 and COLTON, respectively, with interest as may be earned in the trust account,
6 within thirty (30) days of the Effective Date. These amounts shall go towards past
7 and future response costs in the Rialto-Colton Groundwater Basin, attorney fees
8 and/or other alleged damages, as may be determined from time to time by
9 RIALTO and COLTON in their sole discretion.

10 3.2 The County shall, on behalf of the Settling Defendants,
11 continue to implement the response action currently being required by the Order,
12 as amended, that responds to Existing Contamination in the Western Plume Area
13 consistent with CERCLA and the National Contingency Plan, pursuant to (1) the
14 existing RWQCB Order, as amended subject to the existing County appeals or
15 (2) a settlement with the RWQCB or other appropriate environmental agency that
16 provides for the County to implement a remedy similar in scope to that currently
17 being required by the Order, as amended, or (3) some other future order from the
18 RWQCB or other appropriate environmental agency that provides for the County
19 to implement a remedy similar in scope to that currently being required by the
20 Order, as amended, to address the alleged releases from the County Land.
21 Regardless of which of these three options is used, the County shall implement the
22 response action currently being required by the Order, as amended, and subject to
23 amendments or further orders by the RWQCB or other designated lead agency,
24 once such amendments and further orders are final, following appeals, if any.

25 3.3 Subject to the administrative and legal rights of the
26 COUNTY with respect to such orders, the COUNTY further agrees to comply
27 with future orders from the RWQCB relating to the (a) Existing Contamination at
28 the County Land, and (b) Existing Contamination that is emanating or has

1 emanated from the County Land, but only to the extent such Existing
2 Contamination is within the Western Plume Area.

3 3.4 In conjunction with this Agreement, County shall enter
4 into a Standby Water Rights Agreement described in Section 4.4.

5 3.5 Except as the settlement payments made pursuant to
6 Section 3.1 are deemed applicable, Settling Defendants shall have no obligation to
7 respond to, pay for or otherwise incur response costs for releases or threatened
8 releases at, in or from the Eastern Plume Area.

9 4. **COOPERATION ON IMPLEMENTATION OF**
10 **RESPONSE ACTION**

11 4.1 RIALTO, COLTON and COUNTY recognize that the
12 response action to address the Contamination in the Western Plume Area will
13 require many years of cooperation and coordination. RIALTO, COLTON and
14 COUNTY agree to use best efforts to coordinate these actions and to work
15 together in a cooperative manner. The COUNTY recognizes that the current
16 response action is an interim action, and that additional response actions may be
17 necessary in the future. The COUNTY response action to address alleged releases
18 at and from the County Land shall be implemented in a manner that complies with
19 state and federal law, including CERCLA, subject to the oversight of the RWQCB
20 or other appropriate environmental agency.

21 4.2 RIALTO, COLTON and COUNTY recognize that over
22 time it may be appropriate to modify the treatment approach or standards for the
23 water being provided, or to be provided, to RIALTO and COLTON, based on the
24 development of new information, improved treatment approaches and cost
25 effectiveness, among other things. At this time, neither RIALTO, COLTON nor
26 COUNTY are proposing such changes; however, if such Party in the future
27 believes that such a change is appropriate, the affected Parties agree to negotiate in
28 good faith regarding such changes, based on the applicable or relevant and

1 appropriate state and federal requirements, notwithstanding and without regard to
2 section 10(a) and **Exhibit L** of the Implementation Agreement. If RIALTO and
3 COUNTY or COUNTY and COLTON are unable to reach agreement on such
4 changes, the affected Parties agree to submit such matter to the dispute resolution
5 mechanism set forth in section 10, below. The affected Parties agree to use their
6 best efforts to implement the agreed upon changes or the changes that result from
7 the resolution of the dispute regarding same, including cooperating to secure
8 appropriate approval from the California Department of Public Health for changes
9 to reflect the applicable Maximum Contaminant Levels ("MCLs") in the permits.

10 4.3 RIALTO and COLTON each retain all of its rights to
11 participate in the regulatory process with respect to the response action that the
12 COUNTY will perform pursuant to this Consent Order. This Agreement does not
13 expand the rights of RIALTO or COLTON with respect to the COUNTY response
14 actions. The COUNTY retains all of its rights with respect to the response actions,
15 except as may be later set forth in a settlement with the RWQCB or other
16 appropriate environmental agency.

17 4.4 In conjunction with this Agreement, RIALTO, COLTON
18 and COUNTY have entered into the standby water rights agreement ("Standby
19 Water Rights Agreement") attached to this Agreement and labeled **Exhibit C**,
20 which becomes effective on the Effective Date of this Agreement. That Standby
21 Water Rights Agreement provides for, among other things and consistent with the
22 terms of that agreement, COLTON to make 200-acre feet of water rights available
23 to the COUNTY, to pump, treat and deliver to COLTON, the COUNTY to provide
24 on average 200-acre feet of treated water to COLTON per year, the COUNTY to
25 receive a right of first refusal on other water rights of COLTON, and RIALTO to
26 agree to wheel up to 10,000-acre feet a year to COLTON.

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1 **5. CONDITIONS PRECEDENT**

2 5.1 This Agreement is expressly conditioned upon:

3 (a) The Court's entry of an order approving this

4 Agreement as a good faith settlement as to all Settling Defendants and barring all
5 claims by non-settling parties against the Settling Defendants, substantially in the
6 form attached hereto as **Exhibit D** ("Good Faith and Dismissal Order"), and the
7 Court's execution and entry of this settlement as a consent order;

8 (b) The expiration of any time for appeal or review of
9 such Good Faith and Dismissal Order, or, if any appeal is filed and not dismissed,
10 the upholding in all material respects of the Good Faith and Dismissal Order on
11 the final appeal in all material respects;

12 5.2 If the conditions in section 5.1 above are not met, the
13 affected Parties agree to negotiate in good faith in an effort to reach another
14 settlement agreement, following such guidance as may be given by any court, as
15 applicable. If the affected Parties are unable to so negotiate another settlement
16 agreement, after exercising their good faith efforts to do so, and an affected Party
17 gives written notice to that effect, then this Settlement Agreement shall be null and
18 void and of no further force or effect.

19 5.3 On or before sixty (60) days from the execution of this
20 Agreement by all Parties, the Settling Defendants shall file a motion for
21 confirmation of the good faith of each party's settlement hereunder under
22 applicable state and federal law, and the parties shall pursue approval of such
23 motion in good faith.

24 **6. RELEASE OF KNOWN AND UNKNOWN CLAIMS;**

25 **MATTERS ADDRESSED**

26 6.1 **RIALTO Release of Settling Defendants.** Upon the
27 satisfaction of all the conditions precedent as set forth in section 5.1 of this
28 Agreement, and except as otherwise provided in section 7, RIALTO hereby

1 releases each Settling Defendant (and their Related Parties), from all claims of
2 every kind and nature, past or present [including but not limited to, rights, claims,
3 demands, damages, debts, liabilities, accounts, liens, attorney's fees, costs,
4 expenses, actions and causes of action of every kind and nature whatsoever,
5 whether in contract, tort, at law or in equity, or otherwise, now known or
6 unknown, suspected or unsuspected, whether intentional, negligent (including
7 joint, sole, concurrent and gross negligence), arising from regulatory activity or
8 otherwise, and whether existing at common law, in contribution, indemnity,
9 subrogation or otherwise, by statute, or other legislative act, or by constitutional
10 provision] that are based in whole or in part on, consist of, or which do or may
11 arise out of, or which are or may be related to or in any way connected with one or
12 more of the following (i) the Lawsuits, (ii) claims or demands that could have been
13 brought as part of the Lawsuits by any person or entity, (iii) Existing
14 Contamination about, at, within, below and from the Site, (iv) any and all response
15 actions taken or to be taken by any litigant to the Lawsuits at or in connection with
16 the Existing Contamination as alleged in the Lawsuits, (v) any and all response
17 costs incurred and to be incurred by any litigant to the Lawsuits, or in connection
18 with the Existing Contamination or (vi) attorney's fees and expenses related to or
19 arising out of the foregoing (i) through (v).

20 6.2 Colton Release of Settling Defendants. Upon the
21 satisfaction of all the conditions precedent as set forth in section 5.1 of this
22 Agreement, and except as otherwise provided in section 7, COLTON hereby
23 releases each Settling Defendant (and their Related Parties) from all claims of
24 every kind and nature, past or present [including but not limited to, rights, claims,
25 demands, damages, debts, liabilities, accounts, liens, attorney's fees, costs,
26 expenses, actions and causes of action of every kind and nature whatsoever,
27 whether in contract, tort, at law or in equity, or otherwise, now known or
28 unknown, suspected or unsuspected, whether intentional, negligent (including

1 joint, sole, concurrent and gross negligence), arising from regulatory activity or
2 otherwise, and whether existing at common law, in contribution, indemnity,
3 subrogation or otherwise, by statute, or other legislative act, or by constitutional
4 provision] that are based in whole or in part on, consist of, or which do or may
5 arise out of, or which are or may be related to or in any way connected with one or
6 more of the following (i) the Lawsuits, (ii) claims or demands that could have been
7 brought as part of the Lawsuits by any person or entity, (iii) Existing
8 Contamination about, at, within, below and from the Site, (iv) any and all response
9 actions taken or to be taken by any litigant to the Lawsuits at or in connection with
10 the Existing Contamination as alleged in the Lawsuits, (v) any and all response
11 costs incurred and to be incurred by any litigant to the Lawsuits, or in connection
12 with the Existing Contamination or (vi) attorney's fees and expenses related to or
13 arising out of the foregoing (i) through (v).

14 6.3 Settling Defendants' Release of Other Settling Parties.

15 Upon the satisfaction of all the conditions precedent as set forth in section 5.1 of
16 this Agreement, and except as otherwise provided in section 7, each Settling
17 Defendant hereby releases RIALTO, COLTON and the other Settling Defendants
18 (and each of their Related Parties), from all claims of every kind and nature, past
19 or present [including but not limited to, rights, claims, demands, damages, debts,
20 liabilities, accounts, liens, attorney's fees, costs, expenses, actions and causes of
21 action of every kind and nature whatsoever, whether in contract, tort, at law or in
22 equity, or otherwise, now known or unknown, suspected or unsuspected, whether
23 intentional, negligent (including joint, sole, concurrent and gross negligence)
24 arising from regulatory activity or otherwise, and whether existing at common law,
25 in contribution, indemnity, subrogation or otherwise, by statute, or other
26 legislative act, or by constitutional provision] that are based in whole or in part on,
27 consist of, or which do or may arise out of, or which are or may be related to or in
28 any way connected with one or more of the following (i) the Lawsuits, (ii) claims

1 or demands that could have been brought as part of the Lawsuits by any person or
2 entity, (iii) Existing Contamination about, at, within, below and from the Site,
3 (iv) any and all response actions taken or to be taken by any litigant to the
4 Lawsuits at or in connection with the Existing Contamination as alleged in the
5 Lawsuits, (v) any and all response costs incurred and to be incurred by any litigant
6 to the Lawsuits, or in connection with the Existing Contamination or vi) attorney's
7 fees and expenses related to or arising out of the foregoing (i) through (v).

8 6.4 RIALTO, COLTON and Each Settling Defendant further
9 compromises and settles the matters released in sections 6.1, 6.2, and 6.3 above,
10 respectively, and agrees that this compromise and settlement shall constitute a bar
11 to the assertion of any such matter against any other Party and Related Party by
12 any other Party and Related Party. RIALTO, COLTON and Each Settling
13 Defendant covenants and agrees never to commence, prosecute, voluntarily assist
14 in any way, cause, permit, encourage or advise to be commenced or prosecuted
15 any civil action, lawsuit or administrative action against a Party or Related Party,
16 based in whole or in part upon any of the matters released in section 6.1, 6.2, and
17 6.3, respectively, subject to the reservations contained in section 7, below.

18 6.5 There is a risk that, subsequent to the execution of this
19 Agreement, a Party hereto will discover, incur or suffer loss, damages or injuries
20 which are in some way related to the matters released but which are unknown or
21 unanticipated at the time that this Agreement is executed. Each Party hereby
22 assumes this risk and understands that **THIS AGREEMENT SHALL APPLY TO**
23 **ALL UNKNOWN OR UNANTICIPATED LOSSES, DAMAGES OR INJURIES**
24 **RELATED TO THE MATTERS RELEASED ABOVE, AS WELL AS THOSE**
25 **KNOWN AND ANTICIPATED.** Each Party hereby expressly acknowledges that
26 each is familiar with section 1542 of the California Civil Code which provides:

27 A general release does not extend to claims which
28 the creditor does not know or suspect to exist in

his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

6 Each Party understands and acknowledges the significance and consequence of
7 this specific waiver of section 1542. Having the opportunity to consult with legal
8 counsel, each Party expressly waives and relinquishes any and all rights and
9 benefits which it/he/she may have under section 1542 of the Civil Code to the full
10 extent that such rights and benefits may be lawfully waived pertaining to the
11 subject matter of this Agreement;

12 6.6 In consideration of the covenants from Settling
13 Defendants, RIALTO and COLTON agree that the Settling Defendants have no
14 responsibility for any past or future costs or damages associated with the treatment
15 of Chino Well Nos. 1 and 2.

16 6.7 The matters addressed ("Matters Addressed") by this
17 settlement include the matters released by the Parties in section 6.1 through, 6.6
18 above.

7. RESERVATIONS

20 7.1 Notwithstanding other provisions of this Agreement, no
21 Settling Party is releasing any other Party from any claims, demands, obligations,
22 damages, contracts, debts, causes of action, or liabilities, of any kind or nature,
23 that any Settling Defendant may have against, to, or with any other Party:

- (a) For releases of New Contamination; or
 - (b) For past or future criminal violations of laws that
ction of the settling governmental entities.

37 14

28 //

1 7.2 The SCHULZ PARTIES shall not be liable to the
2 COUNTY under any circumstances for any portion of the Agreement that is
3 funded by the COUNTY.

4 7.3 This Settlement Agreement shall not diminish, expand or
5 otherwise affect the contractual defense and indemnity rights, if any, of the Schulz
6 Parties against the COUNTY for future claims that might otherwise exist by virtue
7 of the Agreements for Purchase and Sale of Real Property and Escrow Instructions
8 between and among certain Schulz Parties and the COUNTY, dated December 14,
9 1993 and May 1995 (contract number 95-304) as well as any other subsequently
10 entered agreements between the Schulz Parties and the COUNTY. This includes
11 but is not limited to any claims for personal injury.

12 7.4 Each Settling Defendant reserves its claims and causes of
13 action against its insurers that it may possess, including any claims and causes of
14 action relating to or arising out of: (i) the Lawsuits, (ii) claims or demands that
15 could have been brought as part of the Lawsuits by any person or entity,
16 (iii) Existing Contamination about, at, within, below and from the Site, (iv) any
17 and all response actions taken or to be taken by any litigant to the Lawsuits at or in
18 connection with the Existing Contamination as alleged in the Lawsuits, (v) any
19 and all response costs incurred and to be incurred by any litigant to the Lawsuits,
20 or in connection with the Existing Contamination or (vi) attorney's fees and
21 expenses related to or arising out of the foregoing (i) through (v).
22 Notwithstanding the foregoing, such reservation is not intended to conflict with or
23 supersede any separate agreement between the Settling Defendants and any of
24 their insurers.

25 7.5 The COUNTY and RRM each reserves its claims against
26 the other with respect to the Matters Addressed, and each reserves and does not
27 waive any and all arguments, positions, claims and defenses concerning such
28 claims with respect to the other.

1 8. **DISMISSAL OF THE LAWSUITS BY AND AGAINST**
2 **SETTLING PARTIES**

3 The Parties will each execute and cause to be filed in the Lawsuits
4 Stipulations for Dismissal substantially in the form attached hereto as **Exhibit**
5 **E** (Colton I), and **Exhibit F** (Colton II), as applicable, whereby all claims by and
6 between them pending in the Lawsuits will be dismissed with prejudice. These
7 Stipulations for Dismissal shall be filed within ten (10) business days following
8 the satisfaction of the last of the following conditions: (1) execution of this
9 Agreement by all Parties, (2) the satisfaction of each condition precedent
10 contained in section 5.1 above (except to the extent such conditions are waived in
11 writing by the COUNTY), and (3) the payment by the COUNTY. To the extent a
12 dismissal cannot be filed because the district court does not have jurisdiction due
13 to the case being on appeal, the parties shall file such dismissals promptly if the
14 case is remanded to the district court.

15 9. **STIPULATION OF NON-LIABILITY.**

16 9.1 All Parties recognize, acknowledge and agree that
17 entering into this Agreement is in no way to be interpreted as an admission of
18 liability or a concession of any wrongdoing whatsoever or an admission that any
19 Party paying any sum of money or offering any other consideration hereunder is in
20 any way responsible or liable for any Contamination at, within, below and from
21 the Site, or for any response costs, damages or other relief sought in the Lawsuits.
22 All Parties recognize, acknowledge and agree that entering into this Agreement by
23 any Party receiving any money is not a concession of its respective damages or the
24 costs of removal or remediation in the Lawsuits. This Agreement effectuates
25 settlement of claims in the Lawsuits between the settling Parties that are disputed,
26 contested or denied, and other related matters. Neither this Agreement nor any
27 Party's performance under it is intended to be or shall be asserted by any other
28 Party to be an admission of any kind or character whatsoever except as to the

1 admitted fact that a full, fair and equitable settlement has been reached by each of
2 the Parties. This Agreement is in compromise of the disputed claims between the
3 Parties and shall never be treated as an admission of liability by any Party, court,
4 arbitrator(s), mediator(s), or dispute resolution panel.

5 **10. DISPUTE RESOLUTION**

6 **10.1** The following matters are to be handled through the
7 dispute resolution mechanism of this section 10:

- 8 (a) Disputes regarding modification of the treatment
9 approach;
- 10 (b) Disputes regarding standards for the water being
11 provided to RIALTO or COLTON as replacement water for City of Rialto Well
12 3 or the Standby Water Rights Agreement, respectively; and
- 13 (c) Disputes arising under the Standby Water Rights
14 Agreement.

15 **10.2 Dispute Resolution Process**

16 (a) If RIALTO, COLTON and the COUNTY (the two
17 or three Parties to the dispute are referred to as "Disputing Parties") are unable to
18 resolve a dispute (the "Dispute") of the type identified in section 10.1 by
19 discussion or negotiation, the Disputing Parties shall, as a condition precedent to
20 further remedies under this Agreement, first submit the Dispute to an experienced
21 mediator who shall be selected by and reasonably acceptable to each Disputing
22 Party. If the Disputing Parties are unable to agree on a mediator within thirty
23 (30) days of notice of the dispute (or other such period as agreed by the Disputing
24 Parties), then either Party may petition the court for selection of a mediator, which
25 selection shall be binding. Each Disputing Party shall bear its own costs of
26 participating in mediation and shall share equally the reasonable costs of the
27 mediator. The mediation shall be confidential to the extent permitted by law. If
28 the Disputing Parties involved in the mediation, negotiating in good faith, are

unable to resolve and settle the Dispute within sixty (60) days after the Dispute is first submitted to the mediator, then any involved Party shall be entitled to cause the Dispute to be submitted for binding arbitration pursuant to Section (b) below.

(b) Any Dispute that is not settled after the Parties' attempt at negotiation and mediation with the mediator shall be resolved by any Disputing Party submitting the Dispute to binding arbitration before JAMS or other arbitration service agreeable to the Disputing Parties ("Arbitration"), to be conducted within ten miles of Rialto, California, or other location agreeable to the Disputing Parties as the sole means (other than mutual written agreement) of resolving the disputed matter. The Disputing Parties agree to utilize binding arbitration pursuant to the California Code of Civil Procedure, and the Parties expressly agree that California Code of Civil Procedure section 1283.05 is incorporated into and made part of and applicable to the arbitration. The Dispute will be resolved based on applicable or relevant and appropriate federal and state requirements, with water treatment required to meet the applicable state or federal standard, notwithstanding and without regard to section 10(a) and **Exhibit L** of the Implementation Agreement. Among other things, the Parties agree that the treatment standard for the water should be based upon applicable state and federal regulatory standards, including the applicable MCLs. The Parties will have thirty (30) days (or other period agreed upon by the Parties) in which to make the selection of the arbitrator from written notice of an intent to arbitrate. If the Disputing Parties are unable to agree on an arbitrator, then the matter will be submitted to the federal district court for resolution pursuant to its continuing jurisdiction of this matter. The arbitrator shall issue a written, reasoned decision. The decision of the arbitrator shall be final and binding upon the Disputing Parties hereto as if it were a final judgment or decree of a court of competent jurisdiction, subject to the rights of judicial review or appeal, as applicable.

28 //

1 **11. GENERAL PROVISIONS.**

2 **11.1 Full Authority.** Each Party represents and warrants that
3 it has the right, power, and authority to execute this Agreement, that all approvals
4 on its part have been obtained to fully authorize and bind said Party under this
5 Agreement, and further represents and warrants that it has the exclusive right to
6 prosecute, compromise, and agree to the matters set forth herein, and that it has not
7 sold, assigned, conveyed, or otherwise transferred such right.

8 **11.2 Further Assurances; Covenant to Sign Documents.** Each
9 Party shall take all actions and do all things, and execute, with acknowledgement
10 or affidavit, if required, any and all documents and writings that may be necessary
11 or proper to achieve the purposes and objectives of this Agreement.

12 **11.3 Further Settlement.** On request of any other Party, each
13 Party agrees to meet and negotiate in good faith on proposed settlements with
14 other defendants.

15 **11.4 Statement of Compliance.** Within thirty (30) days
16 following any written request by a Party, the other Parties shall execute and
17 deliver a statement certifying that this Agreement is unmodified and in full force
18 and effect or, if there have been modifications hereto, that this Agreement is in full
19 force and effect as modified, that there are no current uncured defaults under this
20 Agreement, and any other information reasonably requested.

21 **11.5 No Agency.** It is expressly agreed that, in carrying out
22 this Agreement, no relationship of principal and agent shall ever exist between the
23 Parties hereto.

24 **11.6 Entire Agreement.** This Agreement sets forth and
25 contains the entire understanding and agreement of the Parties, and there are no
26 oral or written representations, understandings, or ancillary covenants,
27 undertakings or agreements which are not contained or expressly referred to
28 herein. No testimony or evidence of any such representations, understandings or

1 covenants shall be admissible in any proceeding of any kind or nature to interpret
2 or determine the terms or conditions of this Agreement. To the extent this
3 agreement conflicts with any prior agreements, this Agreement shall control.

4 11.7 Incorporation of Recitals. The recitals to this
5 Agreement, above, are hereby incorporated herein and made a part hereof.

6 11.8 Construction of Agreement. This Agreement is the
7 product of arms-length negotiations between the Parties and their respective
8 attorneys. Each of the Parties hereto expressly acknowledges and agrees that this
9 Agreement shall be deemed to have been mutually prepared so that the rule of
10 construction to the effect that ambiguities are to be resolved against the drafting
11 party shall not be employed in the interpretation of this Agreement. The
12 paragraph and section headings used in this Agreement are for reference only and
13 shall not affect the construction of this Agreement.

14 11.9 Representations as to Negotiation Process. The Parties
15 hereto represent to each other that each Party has been represented by counsel with
16 respect to this Agreement and all matters covered by and relating to it, that they
17 have been fully advised by such counsel with respect to their rights and with
18 respect to the execution of this Agreement. The Parties further represent that each
19 party has entered into this Agreement of his, her, or its free will and independent
20 action without undue pressure, coercion or influence of any sort.

21 11.10 Notices. All notices called for pursuant to this
22 Agreement shall be given in writing by personal delivery, or recognized overnight
23 delivery service which obtains the signature of the addressee or its agent as
24 evidence of delivery, or confirmed electronic transmission or telecopy/facsimile.
25 All such notices or communications shall be deemed to have been given and
26 received on the first to occur of: (i) actual receipt by any of the addressees listed
27 below; or (ii) the date of delivery by recognized overnight delivery services;
28 and/or (iii) upon receipt by the sender of electronic confirmation of delivery of

1 such notices or communications sent by telecopy/facsimile. A Party may change
2 its address by giving written notice thereof to the other in accordance with the
3 provisions of this section.

4

5 RIALTO: CITY CLERK
6 CITY OF RIALTO
7 150 South Palm Avenue
Rialto, CA 92376

8

9 WITH A COPY TO: RIALTO CITY ATTORNEY
10 150 South Palm Avenue
Rialto, CA 92376

11

12 COUNTY: Division Manager
13 Solid Waste Management Division
222 West Hospitality Lane
14 2nd Floor
San Bernardino, CA 92415-0140

15

16 WITH A COPY TO: COUNTY COUNSEL
17 385 North Arrowhead Ave., 4th Fl.
18 San Bernardino, CA 92415-0140
19 Facsimile No. (909) 387-4381

20

21 Timothy V. P. Gallagher
22 GALLAGHER & GALLAGHER,
a Professional Corporation
23 Watt Plaza, Suite 950
24 1925 Century Park East
Los Angeles, CA 90067
25 Facsimile No. 310 203 2610

26

27 COLTON: City Manager
28 650 North La Cadena Drive
Colton, CA 92324
Telephone - 909.370.5051

1 WITH A COPY TO:

2 ROBERTSON'S
3 READY MIX

4 City Attorney
5 Dean Derleth
6 300 South Grand Ave
7 25th Floor
8 Los Angeles, CA 90072
9 Dennis Troesh
10 ROBERTSON'S READY-MIX
11 P.O. BOX 3600
12 200 S. Main St. Suite 200
13 Corona, CA 92882

10 WITH A COPY TO:

11 Thomas N. Jacobson
12 Attorney at Law
13 3750 Santa Fe Avenue
14 Suite 105
15 Riverside, CA 92507
16 (951) 682-7882
17 Fax (951) 682-7884

18 SCHULZ PARTIES

19 Ruben A. Castellón, Esq.
20 Castellón & Funderburk
21 3200 Danville Blvd.
22 Suite 100
23 Alamo, CA 94507

24 WITH A COPY TO:

25 William W. Funderburk, Esq.
26 Castellón & Funderburk
27 811 Wilshire Blvd., Suite 1025
28 Los Angeles, CA 909017-2606

29 11.11 Representations As To Due Execution: The Parties
30 represent and warrant to each other that this Agreement has been duly executed
31 and appropriately authorized by all required governmental and other
32 authorizations.

1 11.12 Severability: It is agreed that if any terms, covenants, or
2 provisions of this Agreement shall be illegal or unenforceable, such illegality or
3 unenforceability shall not invalidate the entire Agreement, but the Agreement shall
4 be construed as if the provision containing the illegal or unenforceable part were
5 not a part hereof.

6 11.13 Continuing Jurisdiction. Notwithstanding any dismissals
7 to be filed pursuant to this Agreement, the Parties agree that the Federal Court in
8 which the federal Lawsuits are currently pending shall retain jurisdiction to
9 enforce the terms of this Agreement.

10 11.14 Continuing Effect. This Agreement shall be binding
11 upon and inure to the benefit of the Parties hereto and their respective Related
12 Parties.

13 11.15 Choice of Law. This Agreement shall be interpreted in
14 accordance with and governed in all respects by the laws of the State of California,
15 without regard to any conflict of laws provisions.

16 11.16 Amendment: This Agreement may only be amended by
17 a written document executed by all Parties hereto, and the Exhibits may be
18 amended by the signatories to those Exhibits, as applicable.

19 11.17 Execution in Counterparts. This Agreement may be
20 executed in multiple counterparts, each of which shall be deemed an original, and
21 all of which shall constitute one agreement.

22 11.18 Claims by the United States Environmental Protection
23 Agency: Nothing in this Agreement affects the authority of the United States
24 Environmental Protection Agency under CERCLA, RCRA or any other authorities
25 for the Western or Eastern Plumes.

26 ///

27 ///

28 ///

1 IN WITNESS WHEREOF, we have signed this Agreement as of the date
2 first above written.

3
4 CITY OF RIALTO

5 By Grace Mayar
6 Its Mayor

7 Dated: 8/3, 2010

8
9 RIALTO UTILITY AUTHORITY

10 By Grace Mayar
11 Its Chairperson

12 Dated: 8/3, 2010

13
14 CITY OF COLTON

15 By _____
16 Its _____
17 Dated: _____, 2010

18
19 COUNTY OF SAN BERNARDINO

20 By _____
21 Its _____
22 Dated: _____, 2010

23
24 ROBERTSON'S READY MIX, INC.

25 By _____
26 Its _____
27 Dated: _____, 2010

28 ///

1 **IN WITNESS WHEREOF**, we have signed this Agreement as of the date
2 first above written.

3
4 **CITY OF RIALTO**

5 By _____

6 Its _____

7 Dated: _____, 2010

8
9 **RIALTO UTILITY AUTHORITY**

10 By _____

11 Its _____

12 Dated: _____, 2010

13
14 CITY OF COLTON

15 By R.J.B.

16 Its City Manager

17 Dated: 8/9, 2010

18
19 **COUNTY OF SAN BERNARDINO**

20 By _____

21 Its _____

22 Dated: _____, 2010

23
24 **ROBERTSON'S READY MIX, INC.**

25 By _____

26 Its _____

27 Dated: _____, 2010

28 ///

1 **IN WITNESS WHEREOF**, we have signed this Agreement as of the date
2 first above written.

3
4 **CITY OF RIALTO**

5 By _____

6 Its _____

7 Dated: _____, 2010

8
9 **RIALTO UTILITY AUTHORITY**

10 By _____

11 Its _____

12 Dated: _____, 2010

13
14 **CITY OF COLTON**

15 By _____

16 Its _____

17 Dated: _____, 2010

18
19 **COUNTY OF SAN BERNARDINO**

20 By George C. Jernigan

21 Its CAB

22 Dated: 7/20, 2010

23
24 **ROBERTSON'S READY MIX, INC.**

25 By _____

26 Its _____

27 Dated: _____, 2010

28 ///

1 IN WITNESS WHEREOF, we have signed this Agreement as of the date
2 first above written.

3 CITY OF RIALTO

4 By _____

5 Its _____

6 Dated: _____, 2010

7 RIALTO UTILITY AUTHORITY

8 By _____

9 Its _____

10 Dated: _____, 2010

11 CITY OF COLTON

12 By _____

13 Its _____

14 Dated: _____, 2010

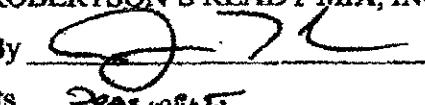
15 COUNTY OF SAN BERNARDINO

16 By _____

17 Its _____

18 Dated: _____, 2010

19 ROBERTSON'S READY MIX, INC.

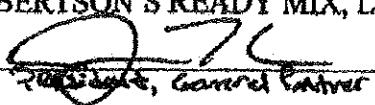
20 By 

21 Its Robertson's

22 Dated: August 19, 2010

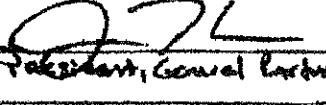
23 ///

1 ROBERTSON'S READY MIX, LTD.

2 By 
3 Its _____

4 Dated: August 19, 2010

6 RRM PROPERTIES, LTD.

7 By 
8 Its _____

9 Dated: August 19, 2010

10 EDWARD STOUT

11 By _____

12 Dated: _____, 2010

13

14 EDWARD STOUT, AS THE TRUSTEE OF THE STOUT-RODRIGUEZ TRUST

15 By _____

16 Dated: _____, 2010

17

18 ELIZABETH RODRIGUEZ

19 By _____

20 Dated: _____, 2010

21

22 JOHN CALLAGY AS TRUSTEE OF THE FREDERIKSEN CHILDREN'S
23 TRUST UNDER TRUST AGREEMENT DATED FEBRUARY 20, 1985

24 By _____

25 Dated: _____, 2010

26 ///

27 ///

28 ///

1 ROBERTSON'S READY MIX, LTD.

2 By _____

3 Its _____

4 Dated: _____, 2010

6 RRM PROPERTIES, LTD.

7 By _____

8 Its _____

9 Dated: _____, 2010

10 EDWARD STOUT

11 By Edward Stout

12 Dated: 7-30-10, 2010

13

14 EDWARD STOUT, AS THE TRUSTEE OF THE STOUT-RODRIGUEZ TRUST

15 By Edward Stout

16 Dated: 7-30-, 2010

17

18 ELIZABETH RODRIGUEZ

19 By _____

20 Dated: _____, 2010

21

22 JOHN CALLAGY AS TRUSTEE OF THE FREDERIKSEN CHILDREN'S
23 TRUST UNDER TRUST AGREEMENT DATED FEBRUARY 20, 1985

24 By _____

25 Dated: _____, 2010

26 ///

27 ///

28 ///

1 ROBERTSON'S READY MIX, LTD.

2 By _____

3 Its _____

4 Dated: _____, 2010

6 RRM PROPERTIES, LTD.

7 By _____

8 Its _____

9 Dated: _____, 2010

10 EDWARD STOUT

11 By _____

12 Dated: _____, 2010

13

14 EDWARD STOUT, AS THE TRUSTEE OF THE STOUT-RODRIGUEZ TRUST

15 By _____

16 Dated: _____, 2010

17

18 ELIZABETH RODRIGUEZ

19 By Elizabeth Rodriguez

20 Dated: 7-29, 2010

21

22 JOHN CALLAGY AS TRUSTEE OF THE FREDERIKSEN CHILDREN'S

23 TRUST UNDER TRUST AGREEMENT DATED FEBRUARY 20, 1985

24 By _____

25 Dated: _____, 2010

26 ///

27 ///

28 ///

1 ROBERTSON'S READY MIX, LTD.

2 By _____

3 Its _____

4 Dated: _____, 2010

6 RRM PROPERTIES, LTD.

7 By _____

8 Its _____

9 Dated: _____, 2010

10 EDWARD STOUT

11 By _____

12 Dated: _____, 2010

14 EDWARD STOUT, AS THE TRUSTEE OF THE STOUT-RODRIGUEZ TRUST

15 By _____

16 Dated: _____, 2010

18 ELIZABETH RODRIGUEZ

19 By _____

20 Dated: _____, 2010

22 JOHN CALLAGY AS TRUSTEE OF THE FREDERIKSEN CHILDREN'S
23 TRUST UNDER TRUST AGREEMENT DATED FEBRUARY 20, 1985

24 By *John Callagy*

25 Dated: July 27, 2010

26 ///

27 ///

28 ///

1 JOHN CALLAGY AS TRUSTEE OF THE E.F. SCHULZ TRUST,

2 By *John Callagy*

3 Dated: July 27, 2010

4

5 LINDA FREDERIKSEN

6 By _____

7 Dated: _____, 2010

8

9 LINDA FREDERIKSEN AS TRUSTEE OF THE WALTER M. POINTON
10 TRUST DATED 11/19/91

11 By _____

12 Dated: _____, 2010

13

14 LINDA FREDERIKSEN AS TRUSTEE OF THE MICHELLE ANN POINTON
15 TRUST UNDER TRUST AGREEMENT DATED FEBRUARY 15, 1985

16 Its _____

17 Dated: _____, 2010

18

19 LINDA FREDERICKSEN AS TRUSTEE OF THE E.F. SCHULZ TRUST,

20 By _____

21 Its _____

22 Dated: _____, 2010

23

24 MICHELLE FARRIS

25 By _____

26 Dated: _____, 2010

27 ///

28 ///

1 JOHN CALLAGY AS TRUSTEE OF THE E.F. SCHULZ TRUST,

2 By _____

3 Dated: _____, 2010

5 LINDA FREDERIKSEN

6 By Linda Frederiksen

7 Dated: July 27, 2010

9 LINDA FREDERIKSEN AS TRUSTEE OF THE WALTER M. POINTON
10 TRUST DATED 11/19/91

11 By Linda Frederiksen

12 Dated: July 27, 2010

14 LINDA FREDERIKSEN AS TRUSTEE OF THE MICHELLE ANN POINTON
15 TRUST UNDER TRUST AGREEMENT DATED FEBRUARY 15, 1985

16 By Linda Frederiksen TEE

17 Dated: July 27, 2010

19 LINDA FREDERICKSEN AS TRUSTEE OF THE E.F. SCHULZ TRUST,

20 By Linda Frederiksen, TEE

21 Its _____

22 Dated: July 27, 2010

24 MICHELLE FARRIS

25 By _____

26 Dated: _____, 2010

27 ///

28 ///

1 JOHN CALLAGY AS TRUSTEE OF THE E.F. SCHULZ TRUST,

2 By _____

3 Dated: _____, 2010

5 LINDA FREDERIKSEN

6 By _____

7 Dated: _____, 2010

9 LINDA FREDERIKSEN AS TRUSTEE OF THE WALTER M. POINTON
10 TRUST DATED 11/19/91

11 By _____

12 Dated: _____, 2010

13

14 LINDA FREDERIKSEN AS TRUSTEE OF THE MICHELLE ANN POINTON
15 TRUST UNDER TRUST AGREEMENT DATED FEBRUARY 15, 1985

16 Its _____

17 Dated: _____, 2010

18

19 LINDA FREDERICKSEN AS TRUSTEE OF THE E.F. SCHULZ TRUST,

20 By _____

21 Its _____

22 Dated: _____, 2010

23

24 MICHELLE FARRIS

25 By Michele Farris

26 Dated: 7-27, 2010

27 ///

28 ///

1 ANTHONY RODRIGUEZ

2 By Anthony Rodriguez

3 Dated: 7-29, 2010

4

5 JOHN CALLAGY

6 By _____

7 Dated: _____, 2010

8

9 MARY CALLAGY

10 By _____

11 Dated: _____, 2010

12

13 JEANINE ELZIE

14 By _____

15 Dated: _____, 2010

16

17 STEPHEN CALLAGY

18 By _____

19 Dated: _____, 2010

20

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22 ///

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24 ///

25 ///

26 ///

27 ///

28 ///

1 ANTHONY RODRIGUEZ

2 By _____

3 Dated: _____, 2010

4

5 JOHN CALLAGY

6 By John Callagy

7 Dated: July 27, 2010

8

9 MARY CALLAGY

10 By _____

11 Dated: _____, 2010

12

13 JEANINE ELZIE

14 By _____

15 Dated: _____, 2010

16

17 STEPHEN CALLAGY

18 By _____

19 Dated: _____, 2010

20

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Santa Catalina School

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p.2

1 ANTHONY RODRIGUEZ

2 By _____

3 Dated: _____, 2010

5 JOHN CALLAGY

6 By _____

7 Dated: _____, 2010

9 MARY CALLAGY

10 By Mary Callagy

11 Dated: 8/16, 2010

13 JEANINE ELZIE

14 By _____

15 Dated: _____, 2010

17 STEPHEN CALLAGY

18 By _____

19 Dated: _____, 2010

20

21 III

22 III

23 III

24 III

25 III

26 III

27 III

28 III

1 ANTHONY RODRIGUEZ

2 By _____

3 Dated: _____, 2010

4 JOHN CALLAGY

5 By _____

6 Dated: _____, 2010

7 MARY CALLAGY

8 By _____

9 Dated: _____, 2010

10 JEANINE ELZIE

11 By Jeanine Elzie

12 Dated: July 27, 2010

13 STEPHEN CALLAGY

14 By _____

15 Dated: _____, 2010

16

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1 ANTHONY RODRIGUEZ

2 By _____

3 Dated: _____, 2010

4

5 JOHN CALLAGY

6 By _____

7 Dated: _____, 2010

8

9 MARY CALLAGY

10 By _____

11 Dated: _____, 2010

12

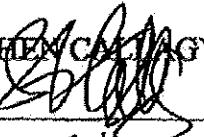
13 JEANINE ELZIE

14 By _____

15 Dated: _____, 2010

16

17 STEPHEN CALLAGY

18 By 

19 Dated: July 28, 2010

20

21 ///

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

ATTORNEY'S CERTIFICATE

I, the undersigned, am a member of the State Bar of California and am the attorney of record for COUNTY OF SAN BERNARDINO in the foregoing Settlement Agreement. I have read the foregoing Settlement Agreement and have advised my client as to the same.

DATED: 8/27/10

Bx. 2

ATTORNEY'S CERTIFICATE

We, the undersigned, are members of the State Bar of California and are the attorneys of record for CITY OF RIALTO in the foregoing Settlement Agreement. We have read the foregoing Settlement Agreement and have advised our clients as to the same.

DATED:

By:

ATTORNEY'S CERTIFICATE

We, the undersigned, are members of the State Bar of California and are the attorneys of record for RIALTO UTILITY AUTHORITY in the foregoing Settlement Agreement. We have read the foregoing Settlement Agreement and have advised our clients as to the same.

DATED:

By

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11

ATTORNEY'S CERTIFICATE

I, the undersigned, am a member of the State Bar of California and am the attorney of record for COUNTY OF SAN BERNARDINO in the foregoing Settlement Agreement. I have read the foregoing Settlement Agreement and have advised my client as to the same.

DATED: _____ By: _____

ATTORNEY'S CERTIFICATE

We, the undersigned, are members of the State Bar of California and are the attorneys of record for CITY OF RIALTO in the foregoing Settlement Agreement. We have read the foregoing Settlement Agreement and have advised our clients as to the same.

DATED: JULY 21 2010 By: John Doe

ATTORNEY'S CERTIFICATE

We, the undersigned, are members of the State Bar of California and are the attorneys of record for RIALTO UTILITY AUTHORITY in the foregoing Settlement Agreement. We have read the foregoing Settlement Agreement and have advised our clients as to the same. *[Signature]*

DATED: JULY 21 2010 By

25 //

26 *III* ...

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21 // /
22

Zr | |||

28 | //

“The most important thing is to never stop questioning.”

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ATTORNEY'S CERTIFICATE

We, the undersigned, are members of the State Bar of California and are the attorneys of record for the CITY OF COLTON in the foregoing Settlement Agreement. We have read the foregoing Settlement Agreement and have advised our clients as to the same.

DATED: 8/5/10

By: Darlene See

ATTORNEY'S CERTIFICATE

11 We, the undersigned, are members of the State Bar of California and are the
12 attorneys of record for EDWARD STOUT, EDWARD STOUT AS THE
13 TRUSTEE OF THE STOUT-RODRIGUEZ TRUST, ELIZABETH RODRIGUEZ,
14 JOHN CALLAGY AS TRUSTEE OF THE FREDERIKSEN CHILDREN'S
15 TRUST UNDER TRUST AGREEMENT DATED FEBRUARY 20, 1985, JOHN
16 CALLAGY AS TRUSTEE OF THE E.F. SCHULZ TRUST, LINDA
17 FREDERIKSEN AS TRUSTEE OF THE WALTER M. POINTON TRUST
18 DATED 11/19/91, LINDA FREDERIKSEN AS TRUSTEE OF THE MICHELLE
19 ANN POINTON TRUST UNDER TRUST AGREEMENT DATED FEBRUARY
20 15, 1985, LINDA FREDERICKSEN AS TRUSTEE OF THE E.F. SCHULZ
21 TRUST, JOHN CALLAGY, MARY CALLAGY, JEANINE ELZIE, STEPHEN
22 CALLAGY in the foregoing Settlement Agreement. We have read the foregoing
23 Settlement Agreement and have advised our clients as to the same.

DATED: _____ By: _____

25
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ATTORNEY'S CERTIFICATE

We, the undersigned, are members of the State Bar of California and are the attorneys of record for the CITY OF COLTON in the foregoing Settlement Agreement. We have read the foregoing Settlement Agreement and have advised our clients as to the same.

DATED: _____ By: _____

ATTORNEY'S CERTIFICATE

11 We, the undersigned, are members of the State Bar of California and are the
12 attorneys of record for EDWARD STOUT, EDWARD STOUT AS THE
13 TRUSTEE OF THE STOUT-RODRIGUEZ TRUST, ELIZABETH RODRIGUEZ,
14 JOHN CALLAGY AS TRUSTEE OF THE FREDERIKSEN CHILDREN'S
15 TRUST UNDER TRUST AGREEMENT DATED FEBRUARY 20, 1985, JOHN
16 CALLAGY AS TRUSTEE OF THE E.F. SCHULZ TRUST, LINDA
17 FREDERIKSEN AS TRUSTEE OF THE WALTER M. POINTON TRUST
18 DATED 11/19/91, LINDA FREDERIKSEN AS TRUSTEE OF THE MICHELLE
19 ANN POINTON TRUST UNDER TRUST AGREEMENT DATED FEBRUARY
20 15, 1985, LINDA FREDERICKSEN AS TRUSTEE OF THE E.F. SCHULZ
21 TRUST, JOHN CALLAGY, MARY CALLAGY, JEANINE ELZIE, STEPHEN
22 CALLAGY in the foregoing Settlement Agreement. We have read the foregoing
23 Settlement Agreement and have advised our clients as to the same.

DATED: _____ By: _____

25
26
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ATTORNEY'S CERTIFICATE

We, the undersigned, are members of the State Bar of California and are the attorneys of record for ROBERTSON'S READY MIX, INC., ROBERTSON'S READY MIX, LTD., and RRM PROPERTIES, LTD. in the foregoing Settlement Agreement. We have read the foregoing Settlement Agreement and have advised our client as to the same.

DATED: 8/27/10

By

FINAL JUDGMENT

This Consent Order and its appendices constitute a final, complete, and exclusive agreement and understanding among the parties with respect to the settlement embodied in the Consent Order. Upon approval and entry of this Consent Order by the Court, this Consent Order shall constitute a final judgment between and among Settling Defendants (except as expressly reserved above). The Court finds that there is no just reason for delay and therefore enters this order as a final judgment under Fed. R. Civ. P. 54 and 58. The Court retains jurisdiction to oversee implementation of the Settlement Agreement, and to issue further orders in connection with this Consent Order, including but not limited to Exhibit D (Good Faith and Dismissal Order).

SO ORDERED THIS DAY OF . 2010.

Hon. Philip S. Gutierrez

ATTORNEY'S CERTIFICATE

We, the undersigned, are members of the State Bar of California and are the attorneys of record for ROBERTSON'S READY MIX, INC., ROBERTSON'S READY MIX, LTD., and RRM PROPERTIES, LTD. in the foregoing Settlement Agreement. We have read the foregoing Settlement Agreement and have advised our client as to the same.

DATED: _____ By:

FINAL JUDGMENT

This Consent Order and its appendices constitute a final, complete, and exclusive agreement and understanding among the parties with respect to the settlement embodied in the Consent Order. Upon approval and entry of this Consent Order by the Court, this Consent Order shall constitute a final judgment between and among Settling Defendants (except as expressly reserved above). The Court finds that there is no just reason for delay and therefore enters this order as a final judgment under Fed. R. Civ. P. 54 and 58. The Court retains jurisdiction to oversee implementation of the Settlement Agreement, and to issue further orders in connection with this Consent Order, including but not limited to Exhibit D (Good Faith and Dismissal Order).

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SO ORDERED THIS 31st DAY OF January , 2010.

P. H. S. R.

Hon. Philip S. Gutierrez